

ACCEPT

PRIME MINISTER

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MADRID SUMMIT

Seen from London, it seems that the judgment of the Chancellor and the Foreign Secretary was faulty on two points:

i. They argued that it was essential to include reference to a date in your clarification of when the time would be right to join the ERM. You did not set a date and were not pressed to go further. Your statement was nevertheless recognised as positive. It was a mistake, therefore, to see the setting of a date as something which the others valued and which you could use to trade for other concessions.

ii. In consequence, they (and Sir Leon Brittan) were wrong in arguing that by setting a date you could get work on stages 2 and 3 taken off the agenda. You argued that the other Member States would not be willing to drop this. Indeed, the battle centred on the conditions under which the work would go ahead. There was no evidence that you could have secured a better outcome by trading a more binding commitment on ERM.

You may like to take up with the Chancellor why it was that he attached such importance to a date for ERM entry.

AT

ANDREW TURNBULL

27 June 1989